DEPARTMENT OF CORRECTIONS

Policy Number:	**104.350**
Title:	**Fixed Asset/Property Management**
Effective Date:	**4/7/20**

PURPOSE: To comply with Department of Administration (DOA) policies governing the recording and control of fixed assets acquired for use by the state.

APPLICABILITY: Department-wide

DEFINITIONS:
Acquisition cost – total cost of an asset including installation, freight, and all applicable taxes.

Area inventory manager – budget manager or designee responsible for assisting the location inventory coordinator to maintain accurate and current fixed assets inventory for the coordinator's section of the operation or facility.

Asset identification (ID) number – an auto-generated number assigned by the statewide integrated financial tools (SWIFT) asset management module for internal system tracking.

Asset record – the computer record containing specific fields of information related to a fixed asset, as identified by a unique SWIFT ID number and asset tag number.

Asset tag – the sticker or other device affixed to the asset that bears the asset number.

Asset tag numbers – unique numbers assigned to assets and sensitive items that meet established criteria. Often this number is affixed using a sticker or tag. This number is used to track the item for the duration of time the asset is owned by the agency.

Department inventory coordinator – a designated DOC employee whose responsibilities include department-wide issues and concerns regarding state property, acting as the liaison between the DOC and the DOA/Minnesota Management and Budget (MMB), and overseeing the recording, maintaining, auditing, and reporting of state property inventories. This individual's name and unit must be reported to MMB financial reporting unit by June 30 each year.

Fixed asset – property acquired by the state that is not real property (land). Fixed assets may be acquired with state or federal funds, donated by public or private organizations, produced within the department, or confiscated from offenders. Fixed assets fall into four categories:

A. Betterments items – an addition or a change made to an asset, other than maintenance, that prolongs its life or its efficiency or capacity. The asset must meet the accountability threshold prior to the inclusion of any betterment costs.

B. Capital asset – any property having a normal life expectancy of more than two years and an acquisition value equal to or greater than $30,000 that maintains its identity in use and when removed. The acquisition value includes all applicable sales tax and any other ancillary charges such as installation or shipping costs. MMB defines a capitalized asset as an asset valued at $30,000 and above and reported on the comprehensive annual financial report (CAFR) on an annual basis.

C. Non-capital asset – any property having a normal life expectancy of more than two years and an acquisition value that falls above $5,000 and below $30,000 that maintains its identity in use and when removed. The acquisition value includes all applicable sales tax and any other ancillary cost such as installation or shipping costs. These assets are depreciated, but are not reported to MMB on the CAFR.

D. Sensitive items – expensive items not qualifying for depreciation and falling below the agency dollar threshold for tracking assets. Because these types of assets are vulnerable to loss and theft, they are required to be tracked in SWIFT and monitored. The items below are considered sensitive items and must be inventoried regardless of costs unless otherwise noted:

1. Firearms and other weapons (lethal and non-lethal) that discharge a shot or a projectile by means of an explosive, a gas, or compressed air;
2. Portable printers, portable scanners, and portable projectors;
3. Computers (desktop, tablets, and laptops) and network servers not purchased from MN.IT services;
4. Software for internal use with an acquisition cost over $5,000 and less than $30,000; and
5. Cameras, televisions, and other video equipment with an acquisition cost over $500 and less than $5,000.

Other sensitive items may be maintained on a separate inventory and monitored by the location inventory coordinator.

Location inventory coordinator – person responsible for maintaining an accurate and current fixed assets inventory for the entire operation or facility.

Physical inventory – an actual count and verification of the existence of fixed assets on the fixed asset inventory list.

Property sticker – a sticker without a number or barcode that identifies the items as belonging to the State of Minnesota.

Retirement – removal of a fixed asset from active service.

Spot check – a randomly pulled sample of assets from the fixed asset inventory list to be counted and verified between the complete physical inventories.

Statewide Integrated Financial Tools (SWIFT) – the state's system of record for assets.

Surplus property – any state owned property that is no longer functional to a particular operation or that exceeds the projected needs of the agency.

Useful life – the estimated period of time over which the benefit of the asset will expire.

PROCEDURES:

A. The department must comply with the policies and directives issued by the Minnesota Department of Administration (DOA) regarding property management.

1. Fixed assets acquired by the department must be recorded, monitored, and reported in accordance with DOA's "State of Minnesota Property Management Guide."

2. Employees using state property are responsible for maintaining fixed assets in good condition and reporting any addition, transfer, surplus, retirement, or malfunction of fixed assets to the location inventory coordinator or area inventory coordinator.

3. All employees are expected to understand and comply with Minnesota Statutes § 43A.38, "Code of Ethics for Employees in the Executive Branch," relating to the use of state property.

4. All applicable asset records must be maintained in the statewide accounting system.

B. Fixed asset acquisition

1. Fixed assets may be acquired by purchase or by other means, such as transfer from other governmental units or donation to the department.

2. The designated facility staff must assign fixed asset tag number(s) to the requested item(s). The assigned fixed asset tag numbers must then be entered into the statewide integrated financial tools system (SWIFT).

3. The location inventory coordinator or designee must maintain a suspense file of purchase orders with the fixed asset tag(s) awaiting delivery of the item(s).

4. The financial services staff, after receiving and processing the invoice for payment, must send a copy to the location inventory coordinator or designee. The location inventory coordinator or designee must complete the Fixed Asset Data Entry form (attached).

5. The location inventory coordinator or designee must attach the asset tag(s) to the item(s) and finish completing the Fixed Asset Data Entry form.

6. The location inventory coordinator must record the fixed asset number(s) and details in SWIFT, and must maintain the appropriate files on all transactions.

7. If labeling is not possible, an alternative method such as engraving or cross-referencing of the serial number to a sensitive item must be used.
   a) Due to decreasing the resale value, firearms must not be labeled or engraved.
   b) Facility designated staff must maintain a file with documentation for unlabeled sensitive items.

8. Purchases of items under $5,000 and not designated as sensitive items must be marked with a property of the State of Minnesota sticker.

C. Fixed asset physical inventories

1. Complete physical inventories, spot checks, and capital asset certifications are the responsibility of the location inventory coordinators. When finished conducting these physical inventories, the location inventory coordinator or designee must complete the Physical Inventory Certification form (attached). Complete physical inventories must be conducted, at a minimum, every two years in conjunction with spot checks every six months or at the request of agency management or state auditors. Capital asset certifications must be conducted when requested by Minnesota Management and Budget (MMB).

2. Inventories must be maintained with a high level of accuracy. Discrepancies must be thoroughly investigated and corrected in SWIFT.

3. The department inventory coordinator must annually reconcile and report on fixed asset inventories to MMB, as required.

4. A complete physical inventory must be taken whenever the person acting as the location inventory coordinator is changed.
   a) The new individual in that position must conduct a complete physical inventory to verify the accuracy of the information provided by the departing coordinator.
   b) The location inventory coordinator must maintain all inventory documents/records in accordance with the financial services retention schedule.

D. Fixed asset transfers

1. The area inventory manager must notify the location inventory coordinator of a fixed asset transfer from the coordinator's area to another area with the completion of the State Property Move form (attached).
   a) The State Property Move form must be signed by the area inventory manager and the location inventory coordinator.
   b) When the asset is received at the new location, the receiving area inventory manager must sign the form and return it to the inventory coordinator at the sending location.

2. The location inventory coordinator must update the fixed asset information in SWIFT. If the fixed asset is moving between two facilities, the sending location inventory coordinator must forward appropriate information to the receiving location inventory coordinator, including a print screen of the asset information page in SWIFT.

E. Computers and peripheral computer equipment

1. The department chief information officer is assigned overall responsibility for maintaining an inventory system of computers and peripheral computer equipment for the department.

2. Information center supervisors are responsible for these inventories of computers and equipment located at their respective locations.

3. Information technology (IT) units must maintain a separate, appropriate system to manage computer/peripheral computer equipment information.

F. Property disposition

1. The end user is the party responsible for proper use of the items and is responsible for notifying the location inventory coordinator when fixed assets are misplaced, ready to be recycled, moved, destroyed, or surplused. Disposal of any state property, including fixed assets, must be processed through the location inventory coordinator.

2. The location inventory coordinator must seek other uses prior to requesting sale (live/online auction or sealed bid), trade-in, or disposal.
   a) Potential disposal options include the DOC surplus exchange site and the DOA surplus property exchange program.
   b) If no other use is found, the location inventory coordinator must contact the DOA surplus services division.

3. The location inventory coordinator must oversee the disposition of all state property in accordance with DOA directions.

4. Upon disposal of any department property, staff must remove fixed asset stickers, either numbered or non-numbered, and erase identifiable markings, engraving, or labeling.

5. All workstations, servers and mobile computing devices must be routed through the IT unit for data removal prior to disposal.

6. All cell phones must be disposed of by sending them to office services in central office for shredding.

7. Upon disposal of a department vehicle, the vehicle license plates must be removed and destroyed.

8. When an asset is transferred internally and then sold at auction, the proceeds must go to the location that submits the item to the auction.

9. Assets purchased with federal funds must be disposed of according to applicable federal procedures.

10 Retirement of canines must follow the same paperwork process as any other asset.
   a) Retired canines must either be retired to their handlers after warden/designee approval or be euthanized via lethal injection (if due to health issues).
   b) After the warden/designee and the handler have signed a Canine Waiver and Release of Liability form (attached), the retired canine may be transferred to the handler, who is solely responsible for all future expenses related to the retired canine.

11. Lost, stolen, or destroyed assets must be reported to the location inventory coordinator who must then notify the department inventory coordinator. The location and the area inventory manager must then complete a Stolen, Lost, Damaged, or Recovered Property Report (attached) and forward it to the department inventory coordinator. Upon completion of internal investigations, the form must be submitted to human resources, DOA and the Office of the Legislative Auditor (OLA).

G. Assets used outside of work location
The area inventory manager must use the Fixed Asset Used Outside of Assigned Work Location form (attached) to log all state property used outside of the employee's work location.

H. Year-end reporting of fixed assets and department inventory coordinator
1. At the end of the fiscal year, the department inventory coordinator must report on fixed assets to MMB in accordance with MMB instructions.

2. The department inventory coordinator's name and unit must be reported to MMB financial reporting unit by June 30 each year.

INTERNAL CONTROLS:
A. Applicable asset records are maintained in the statewide accounting system.

B. The location inventory coordinator maintains all inventory documents/records.

ACA STANDARDS: 4-4037.

REFERENCES: Department of Administration, User's Complete Guide to State Property Management
Department of Administration, Surplus Property

Minn. Stat. §§ 16B.24, subd. 4; 15.06, subd. 6 (3) and (4); and §43A.38
Policy 104.300, "Purchasing"
Department of Corrections IT Security Data Removal Process
Department of Administration, Disposal of Computers – Enterprise Security Information Sanitization and Destruction Standard
Department of Corrections Surplus Exchange
Department of Administration Surplus Property Exchange Program

REPLACES: Policy 104.350, "Fixed Asset Management," 9/19/17.
All facility policies, memos, or other communications whether verbal, written, or transmitted by electronic means regarding this topic.

ATTACHMENTS:
Property Disposition Request (external document, DOA; also fillable pdf)
Fixed Asset Data Entry form (104.350B, on DOC Budget iShare site)
Fixed Asset Used Outside of Assigned Work Location form (104.350C, on DOC Budget iShare site)
Stolen, Lost, Damaged, or Recovered Property Report (external document, DOA)
State Property Move form (104.350F, on DOC Budget iShare site)
Canine Waiver and Release of Liability form (104.350G, on DOC Budget iShare site)
Physical Inventory Certification form (104.350H, on DOC Budget iShare site)
Intra-Agency Transfer Form (external document, DOA)

APPROVED BY:
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